

House Amendment to  
Senate File 512

S-3213

1 Amend Senate File 512, as passed by the Senate, as  
2 follows:  
3 1. By striking everything after the enacting clause  
4 and inserting:  
5 <DIVISION I  
6 INTERNAL REVENUE CODE REFERENCES  
7 Section 1. Section 422.3, subsection 5, Code 2011,  
8 is amended to read as follows:  
9 5. "*Internal Revenue Code*" means the Internal  
10 Revenue Code of 1954, prior to the date of its  
11 redesignation as the Internal Revenue Code of 1986  
12 by the Tax Reform Act of 1986, or means the Internal  
13 Revenue Code of 1986 as amended to and including  
14 January 1, ~~2008~~ 2011.  
15 Sec. 2. Section 422.7, subsection 29A, Code 2011,  
16 is amended by striking the subsection.  
17 Sec. 3. Section 422.9, subsection 2, paragraph i,  
18 Code 2011, is amended to read as follows:  
19 i. The deduction for state sales and use taxes  
20 is allowable only if the taxpayer elected to deduct  
21 the state sales and use taxes in lieu of state income  
22 taxes under section 164 of the Internal Revenue Code.  
23 A deduction for state sales and use taxes is not  
24 allowed if the taxpayer has taken the deduction for  
25 state income taxes or claimed the standard deduction  
26 under section 63 of the Internal Revenue Code. This  
27 paragraph applies to taxable years beginning after  
28 December 31, 2003, and before January 1, ~~2006~~ 2008, and  
29 to taxable years beginning after December 31, 2009, and  
30 before January 1, 2012.  
31 Sec. 4. Section 422.32, subsection 7, Code 2011, is  
32 amended to read as follows:  
33 7. "*Internal Revenue Code*" means the Internal  
34 Revenue Code of 1954, prior to the date of its  
35 redesignation as the Internal Revenue Code of 1986  
36 by the Tax Reform Act of 1986, or means the Internal  
37 Revenue Code of 1986 as amended to and including  
38 January 1, ~~2008~~ 2011.  
39 Sec. 5. EFFECTIVE UPON ENACTMENT. This division of  
40 this Act, being deemed of immediate importance, takes  
41 effect upon enactment.  
42 Sec. 6. RETROACTIVE APPLICABILITY. The following  
43 provision or provisions of this division of this Act  
44 apply retroactively to January 1, 2010, for tax years  
45 beginning on or after that date:  
46 1. The section of this Act amending section 422.3.  
47 2. The section of this Act amending section 422.32.  
48 Sec. 7. RETROACTIVE APPLICABILITY. The following  
49 provision or provisions of this division of this Act  
50 apply retroactively to January 1, 2011, for tax years

1 beginning on or after that date:

2 1. The section of this Act amending section 422.7,  
3 subsection 29A.

4 DIVISION II

5 RESEARCH ACTIVITIES CREDIT

6 Sec. 8. Section 15.335, subsection 4, Code 2011, is  
7 amended to read as follows:

8 4. a. In lieu of the credit amount computed in  
9 subsection 2, an eligible business may elect to compute  
10 the credit amount for qualified research expenses  
11 incurred in this state in a manner consistent with the  
12 alternative ~~incremental~~ simplified credit described in  
13 section ~~41(c)(4)~~ 41(c)(5) of the Internal Revenue Code.  
14 The taxpayer may make this election regardless of the  
15 method used for the taxpayer's federal income tax. The  
16 election made under this paragraph is for the tax year  
17 and the taxpayer may use another or the same method for  
18 any subsequent year.

19 b. For purposes of the alternate credit computation  
20 method in paragraph "a", the credit percentages  
21 applicable to qualified research expenses described  
22 in clauses ~~(i), (ii), and (iii) of section 41(c)(4)(A)~~  
23 41(c)(5)(A) and clause (ii) of section 41(c)(5)(B) of  
24 the Internal Revenue Code are as follows:

25 (1) In the case of an eligible business whose gross  
26 revenues do not exceed twenty million dollars per  
27 year, the credit percentages are ~~two and fifty-four~~  
28 ~~hundredths percent, three and thirty-eight hundredths~~  
29 ~~percent, and four and twenty-three hundredths~~ seven  
30 percent and three percent, respectively.

31 (2) In the case of an eligible business whose  
32 gross revenues exceed twenty million dollars per year,  
33 the credit percentages are ~~seventy-six hundredths~~  
34 ~~percent, one and two hundredths percent, and one and~~  
35 ~~twenty-seven hundredths~~ two and one-tenth percent and  
36 nine-tenths percent, respectively.

37 Sec. 9. Section 15.335, subsection 7, Code 2011, is  
38 amended to read as follows:

39 7. a. For purposes of this section, "*base amount*",  
40 "*basic research payment*", and "*qualified research*  
41 *expense*" mean the same as defined for the federal  
42 credit for increasing research activities under section  
43 41 of the Internal Revenue Code, except that for the  
44 alternative ~~incremental~~ simplified credit such amounts  
45 are for research conducted within this state.

46 b. For purposes of this section, "*Internal Revenue*  
47 *Code*" means the Internal Revenue Code in effect on  
48 January 1, ~~2009~~ 2011.

49 Sec. 10. Section 15A.9, subsection 8, paragraphs b,  
50 c, and e, Code 2011, are amended to read as follows:

1     b. In lieu of the credit amount computed in  
2 paragraph "a", subparagraph (1), subparagraph division  
3 (a), a business may elect to compute the credit amount  
4 for qualified research expenses incurred in this  
5 state within the zone in a manner consistent with the  
6 alternative ~~incremental~~ simplified credit described in  
7 section ~~41(c)(4)~~ 41(c)(5) of the Internal Revenue Code.  
8 The taxpayer may make this election regardless of the  
9 method used for the taxpayer's federal income tax. The  
10 election made under this paragraph is for the tax year  
11 and the taxpayer may use another or the same method for  
12 any subsequent year.

13     c. For purposes of the alternate credit computation  
14 method in paragraph "b", the credit percentages  
15 applicable to qualified research expenses described in  
16 clauses (i), (ii), and (iii) of section ~~41(c)(4)(A)~~  
17 ~~41(c)(5)(A)~~ and clause (ii) of section 41(c)(5)(B)  
18 of the Internal Revenue Code are ~~three and thirty~~  
19 ~~hundredths percent, four and forty hundredths percent,~~  
20 ~~and five and fifty hundredths percent, respectively as~~  
21 ~~follows:~~

22     (1) In the case of an eligible business whose gross  
23 revenues do not exceed twenty million dollars per year,  
24 the credit percentages are seven percent and three  
25 percent, respectively.

26     (2) In the case of an eligible business whose gross  
27 revenues exceed twenty million dollars per year, the  
28 credit percentages are two and one-tenths percent and  
29 nine-tenths percent, respectively.

30     e. (1) For the purposes of this subsection,  
31 "base amount", "basic research payment", and "qualified  
32 research expense" mean the same as defined for the  
33 federal credit for increasing research activities under  
34 section 41 of the Internal Revenue Code, except that  
35 for the alternative ~~incremental~~ simplified credit such  
36 amounts are for research conducted within this state  
37 within the zone.

38     (2) For purposes of this subsection, "Internal  
39 Revenue Code" means the Internal Revenue Code in effect  
40 on January 1, ~~2009~~ 2011.

41     Sec. 11. Section 422.10, subsection 1, paragraphs b  
42 and c, Code 2011, are amended to read as follows:

43     b. In lieu of the credit amount computed in  
44 paragraph "a", subparagraph (1), subparagraph division  
45 (a), a taxpayer may elect to compute the credit amount  
46 for qualified research expenses incurred in this state  
47 in a manner consistent with the alternative ~~incremental~~  
48 ~~simplified~~ credit described in section ~~41(c)(4)~~  
49 ~~41(c)(5)~~ of the Internal Revenue Code. The taxpayer  
50 may make this election regardless of the method used

1 for the taxpayer's federal income tax. The election  
2 made under this paragraph is for the tax year and the  
3 taxpayer may use another or the same method for any  
4 subsequent year.

5 c. For purposes of the alternate credit computation  
6 method in paragraph "b", the credit percentages  
7 applicable to qualified research expenses described in  
8 ~~clauses (i), (ii), and (iii) of section 41(c)(4)(A)~~  
9 ~~41(c)(5)(A) and clause (ii) of section 41(c)(5)(B)~~  
10 ~~of the Internal Revenue Code are one and sixty-five~~  
11 ~~hundredths percent, two and twenty hundredths percent,~~  
12 ~~and two and seventy-five hundredths~~ four and fifty-five  
13 hundredths percent and one and ninety-five hundredths  
14 percent, respectively.

15 Sec. 12. Section 422.10, subsection 3, Code 2011,  
16 is amended to read as follows:

17 3. a. For purposes of this section, "base amount",  
18 "basic research payment", and "qualified research  
19 expense" mean the same as defined for the federal  
20 credit for increasing research activities under section  
21 41 of the Internal Revenue Code, except that for the  
22 alternative ~~incremental~~ simplified credit such amounts  
23 are for research conducted within this state.

24 b. For purposes of this section, "Internal Revenue  
25 Code" means the Internal Revenue Code in effect on  
26 January 1, ~~2009~~ 2011.

27 Sec. 13. Section 422.33, subsection 5, paragraphs  
28 b, c, and d, Code 2011, are amended to read as follows:

29 b. In lieu of the credit amount computed in  
30 paragraph "a", subparagraph (1), a corporation may  
31 elect to compute the credit amount for qualified  
32 research expenses incurred in this state in a manner  
33 consistent with the alternative ~~incremental~~ simplified  
34 credit described in section 41(e)(4) 41(c)(5) of  
35 the Internal Revenue Code. The taxpayer may make  
36 this election regardless of the method used for the  
37 taxpayer's federal income tax. The election made under  
38 this paragraph is for the tax year and the taxpayer may  
39 use another or the same method for any subsequent year.

40 c. For purposes of the alternate credit computation  
41 method in paragraph "b", the credit percentages  
42 applicable to qualified research expenses described in  
43 ~~clauses (i), (ii), and (iii) of section 41(c)(4)(A)~~  
44 ~~41(c)(5)(A) and clause (ii) of section 41(c)(5)(B)~~  
45 ~~of the Internal Revenue Code are one and sixty-five~~  
46 ~~hundredths percent, two and twenty hundredths percent,~~  
47 ~~and two and seventy-five hundredths~~ four and fifty-five  
48 hundredths percent and one and ninety-five hundredths  
49 percent, respectively.

50 d. (1) For purposes of this subsection, "base

1 *amount*", *"basic research payment"*, and *"qualified*  
2 *research expense"* mean the same as defined for the  
3 federal credit for increasing research activities under  
4 section 41 of the Internal Revenue Code, except that  
5 for the alternative ~~incremental~~ simplified credit such  
6 amounts are for research conducted within this state.  
7 (2) For purposes of this subsection, *"Internal*  
8 *Revenue Code"* means the Internal Revenue Code in effect  
9 on January 1, ~~2009~~ 2011.

10 Sec. 14. EFFECTIVE UPON ENACTMENT. This division  
11 of this Act, being deemed of immediate importance,  
12 takes effect upon enactment.

13 Sec. 15. RETROACTIVE APPLICABILITY. The following  
14 provision or provisions of this division of this Act  
15 apply retroactively to July 1, 2010, for tax credits  
16 awarded on or after that date:

17 1. The section of this Act amending section 15.335,  
18 subsection 4.

19 2. The section of this Act amending section 15A.9.

20 Sec. 16. RETROACTIVE APPLICABILITY. The following  
21 provision or provisions of this division of this Act  
22 apply retroactively to January 1, 2010, for tax years  
23 beginning on or after that date:

24 1. The section of this Act amending section 15.335,  
25 subsection 7.

26 2. The section of this Act amending section 422.10,  
27 subsection 1.

28 3. The section of this Act amending section 422.10,  
29 subsection 3.

30 4. The section of this Act amending section 422.33.

### 31 DIVISION III

### 32 BONUS DEPRECIATION

33 Sec. 17. Section 422.5, subsection 2, paragraph  
34 b, subparagraph (1), Code 2011, is amended to read as  
35 follows:

36 (1) Add items of tax preference included in federal  
37 alternative minimum taxable income under section 57,  
38 except subsections (a)(1), (a)(2), and (a)(5), of the  
39 Internal Revenue Code, make the adjustments included  
40 in federal alternative minimum taxable income under  
41 section 56, except subsections (a)(4), (b)(1)(C)(iii),  
42 and (d), of the Internal Revenue Code, and add losses  
43 as required by section 58 of the Internal Revenue  
44 Code. To the extent that any preference or adjustment  
45 is determined by an individual's federal adjusted  
46 gross income, the individual's federal adjusted  
47 gross income is computed in accordance with section  
48 422.7, ~~subsection~~ subsections 39, 39A, 39B, and  
49 53. In the case of an estate or trust, the items  
50 of tax preference, adjustments, and losses shall

1 be apportioned between the estate or trust and the  
2 beneficiaries in accordance with rules prescribed by  
3 the director.

4 Sec. 18. Section 422.7, Code 2011, is amended by  
5 adding the following new subsections:

6 NEW SUBSECTION. 39A. The additional first-year  
7 depreciation allowance authorized in section 168(k)  
8 of the Internal Revenue Code, as enacted by Pub. L.  
9 No. 110-185, section 103, Pub. L. No. 111-5, section  
10 1201, Pub. L. No. 111-240, section 2022, and Pub. L.  
11 No. 111-312, section 401, does not apply in computing  
12 net income for state tax purposes. If the taxpayer has  
13 taken the additional first-year depreciation allowance  
14 for purposes of computing federal adjusted gross  
15 income, then the taxpayer shall make the following  
16 adjustments to federal adjusted gross income when  
17 computing net income for state tax purposes:

18 a. Add the total amount of depreciation taken under  
19 section 168(k) of the Internal Revenue Code for the tax  
20 year.

21 b. Subtract the amount of depreciation allowable  
22 under the modified accelerated cost recovery system  
23 described in section 168 of the Internal Revenue Code  
24 and calculated without regard to section 168(k).

25 c. Any other adjustments to gains or losses  
26 necessary to reflect the adjustments made in paragraphs  
27 "a" and "b". The director shall adopt rules for the  
28 administration of this paragraph.

29 NEW SUBSECTION. 39B. The additional first-year  
30 depreciation allowance authorized in section 168(n) of  
31 the Internal Revenue Code, as enacted by Pub. L. No.  
32 110-343, section 710, does not apply in computing net  
33 income for state tax purposes. If the taxpayer has  
34 taken the additional first-year depreciation allowance  
35 for purposes of computing federal adjusted gross  
36 income, then the taxpayer shall make the following  
37 adjustments to federal adjusted gross income when  
38 computing net income for state tax purposes:

39 a. Add the total amount of depreciation taken under  
40 section 168(n) of the Internal Revenue Code for the tax  
41 year.

42 b. Subtract the amount of depreciation allowable  
43 under the modified accelerated cost recovery system  
44 described in section 168 of the Internal Revenue Code  
45 and calculated without regard to section 168(n).

46 c. Any other adjustments to gains or losses  
47 necessary to reflect the adjustments made in paragraphs  
48 "a" and "b". The director shall adopt rules for the  
49 administration of this paragraph.

50 Sec. 19. Section 422.7, subsection 53, Code 2011,

1 is amended to read as follows:

2 53. A taxpayer is not allowed to take the increased  
3 expensing allowance under section 179 of the Internal  
4 Revenue Code, as amended by Pub. L. No. ~~110-185~~ 111-5,  
5 section 1202, in computing adjusted gross income for  
6 state tax purposes.

7 Sec. 20. Section 422.9, subsection 2, paragraph h,  
8 Code 2011, is amended to read as follows:

9 h. For purposes of calculating the deductions  
10 in this subsection that are authorized under the  
11 Internal Revenue Code, and to the extent that any  
12 of such deductions is determined by an individual's  
13 federal adjusted gross income, the individual's federal  
14 adjusted gross income is computed in accordance with  
15 section 422.7, subsection subsections 39, 39A, 39B, and  
16 53.

17 Sec. 21. Section 422.35, Code 2011, is amended by  
18 adding the following new subsections:

19 NEW SUBSECTION. 19A. The additional first-year  
20 depreciation allowance authorized in section 168(k)  
21 of the Internal Revenue Code, as enacted by Pub. L.  
22 No. 110-185, section 103, Pub. L. No. 111-5, section  
23 1201, Pub. L. No. 111-240, section 2022, and Pub. L.  
24 No. 111-312, section 401, does not apply in computing  
25 net income for state tax purposes. If the taxpayer has  
26 taken the additional first-year depreciation allowance  
27 for purposes of computing federal taxable income, then  
28 the taxpayer shall make the following adjustments to  
29 federal taxable income when computing net income for  
30 state tax purposes:

31 a. Add the total amount of depreciation taken under  
32 section 168(k) of the Internal Revenue Code for the tax  
33 year.

34 b. Subtract the amount of depreciation allowable  
35 under the modified accelerated cost recovery system  
36 described in section 168 of the Internal Revenue Code  
37 and calculated without regard to section 168(k).

38 c. Any other adjustments to gains or losses  
39 necessary to reflect the adjustments made in paragraphs  
40 "a" and "b". The director shall adopt rules for the  
41 administration of this paragraph.

42 NEW SUBSECTION. 19B. The additional first-year  
43 depreciation allowance authorized in section 168(n) of  
44 the Internal Revenue Code, as enacted by Pub. L. No.  
45 110-343, section 710, does not apply in computing net  
46 income for state tax purposes. If the taxpayer has  
47 taken the additional first-year depreciation allowance  
48 for purposes of computing federal taxable income, then  
49 the taxpayer shall make the following adjustments to  
50 federal taxable income when computing net income for

1 state tax purposes:

2     a. Add the total amount of depreciation taken under  
3 section 168(n) of the Internal Revenue Code for the tax  
4 year.

5     b. Subtract the amount of depreciation allowable  
6 under the modified accelerated cost recovery system  
7 described in section 168 of the Internal Revenue Code  
8 and calculated without regard to section 168(n).

9     c. Any other adjustments to gains or losses  
10 necessary to reflect the adjustments made in paragraphs  
11 "a" and "b". The director shall adopt rules for the  
12 administration of this paragraph.

13     Sec. 22. Section 422.35, subsection 24, Code 2011,  
14 is amended to read as follows:

15     24. A taxpayer is not allowed to take the increased  
16 expensing allowance under section 179 of the Internal  
17 Revenue Code, as amended by Pub. L. No. ~~110-185~~ 111-5,  
18 section 1202, in computing taxable income for state tax  
19 purposes.

20     Sec. 23. EFFECTIVE UPON ENACTMENT. This division  
21 of this Act, being deemed of immediate importance,  
22 takes effect upon enactment.

23     Sec. 24. RETROACTIVE APPLICABILITY. The following  
24 provision or provisions of this division of this Act  
25 apply retroactively to January 1, 2008, for tax years  
26 ending on or after that date:

27     1. The section of this Act amending section 422.5.

28     2. The section of this Act enacting section 422.7,  
29 new subsections 39A and 39B.

30     3. The section of this Act amending section 422.9.

31     4. The section of this Act enacting section 422.35,  
32 new subsections 19A and 19B.

33     Sec. 25. RETROACTIVE APPLICABILITY. The following  
34 provision or provisions of this division of this Act  
35 apply retroactively to January 1, 2009, for tax years  
36 beginning on or after that date, and before January 1,  
37 2010:

38     1. The section of this Act amending section 422.7,  
39 subsection 53.

40     2. The section of this Act amending section 422.35,  
41 subsection 24.

#### 42                                 DIVISION IV

#### 43                     STATE PUBLIC DEFENDER TRANSFER

44     Sec. 26. TRANSFER AUTHORIZATION — STATE PUBLIC  
45 DEFENDER.

46     1. Notwithstanding section 8.39, subsection 2,  
47 while the general assembly is in regular session, the  
48 director of the department of management, with the  
49 approval of the governor, may make an interdepartmental  
50 transfer from any other department, institution, or



1 agency of the state having an appropriation in excess  
2 of its needs, of sufficient funds to supplement the  
3 following appropriations made to the office of the  
4 public defender of the department of inspections and  
5 appeals, in order to meet the obligations incurred  
6 under the appropriations:

7     a. For the office of the state public defender, in  
8 2010 Iowa Acts, chapter 1190, section 10, subsection 1.

9     b. For the fees of court-appointed attorneys for  
10 indigent adults and juveniles, in accordance with  
11 section 232.141 and chapter 815, in 2010 Iowa Acts,  
12 chapter 1190, section 10, subsection 2.

13     2. A transfer made under this section is subject  
14 to the notice and reporting requirements applicable  
15 to transfers made under section 8.39. However, the  
16 chairpersons' review and comment period under section  
17 8.39, subsection 3, is not applicable.

18     Sec. 27. EFFECTIVE UPON ENACTMENT. This division  
19 of this Act, being deemed of immediate importance,  
20 takes effect upon enactment.>

21     2. Title page, by striking lines 1 through 3 and  
22 inserting <An Act relating to public funding matters by  
23 updating the Code references to the Internal Revenue  
24 Code and by decoupling from certain federal bonus  
25 depreciation provisions, authorizing appropriation  
26 transfers, and including effective date and retroactive  
27 applicability provisions.>

28     3. By renumbering as necessary.

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